

SECRETARY OF DEFENSE WILLIAM J. PERRY
DENIAL OF REPORT THAT HE VIOLATED PENTAGON RULES, AS REPORTED IN THE PRESS
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Defense Secretary Violated Pentagon Rules, Report Says

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Special to The New York Times

WASHINGTON, June 20 — Defense Secretary William J. Perry violated Pentagon rules last year, when he was Deputy Defense Secretary, by favoring one American military contractor over others in talks with Swiss and Finnish officials interested in buying a radar-jamming device for fighter jets, the General Accounting Office said.

The Defense Department canceled the \$2 billion jamming system for its own planes two years ago after it failed crucial flight tests. But Mr. Perry had offered to help several interested foreign buyers install the system if they bought it directly from the American manufacturers, divisions of the I.T.T. Corporation and the Westinghouse Electric Corporation.

Several other companies make radar-jamming devices, but the accounting office, the main investigative arm of Congress, said in a report issued on Friday that Mr. Perry "appeared to indicate a preference for" the I.T.T.-Westinghouse system for the Swiss and Finnish F-16 fighters. Pentagon rules bar Mr. Perry from taking sides if more than one American company is bidding on a sale. Neither country has decided yet which system to buy.

At issue are meetings Mr. Perry and other top Pentagon aides held with Swiss officials in August 1993 and with Finnish officials in December 1993. Mr. Perry, who succeeded Les Aspin as Defense Secretary in February 1994, was the Pentagon's No. 2 official at the time.

Mr. Perry today denied any wrong-

doing and said any assertion that he
had violated Pentagon Rules was
"flatly wrong."

"During my time as an employee
of the Department of Defense I have
never advocated any American
system over any other American
system in discussions with foreign
governments," Mr. Perry said in a
statement.

Pentagon rules permit Defense Department officials to "support the marketing efforts of U.S. companies while maintaining strict neutrality between U.S. competitors." The regulations are aimed mainly at American embassy officials overseas who deal with American contractors eager to sell their wares to the host nation.

Lawmakers who oppose the I.T.T.-
Westinghouse jamming device,

called the Airborne Self-Protection Jammer, expressed concern today over the accounting office's findings.

"While it may not be illegal, it is certainly not appropriate for a public official to endorse one U.S. contractor over another to a foreign government interested in purchasing military equipment," said Senator William V. Roth Jr., a Delaware Republican who was one of two senators to request the accounting office study.

"It is highly questionable for a U.S. official to pick winners and losers among U.S. companies," Senator Roth said in a statement.

The other senator who requested the report, David Pryor, Democrat of Arkansas, declined to comment on

the findings.

Spokesmen for the Swiss and Finnish embassies in Washington said they were still considering bids for the jamming devices they need, and they declined to say whether Mr. Perry tried to influence their decisions.

Some of the companies competing for the Swiss and Finnish contracts, including the Raytheon Company and the Loral Corporation, seemed taken aback by the accounting office's findings. But spokesmen for both companies declined to comment on the matter.

According to an Aug. 4 internal memorandum that summarized the meeting with the Swiss, "Dr. Perry indicated F-16 needs some type of jammer. If he was buying it, it would be the ASPJ." The memo, written by Diana L. Bhundell, the director of plans for the Defense Security Assistance Agency, was submitted to the accounting office by the Pentagon as an authoritative summary of the meeting.

Relying on the memorandum as well as interviews with other people at the meeting, the accounting office also concluded that Mr. Perry made similar statements to the Finns in December 1993.

Adding a Rebuttal

When the accounting office submitted a draft copy of its report to Mr. Perry for comment, as is customary, aides to the Secretary responded by asking that the passage describing the meetings be "deleted from the report" because the conclusions were "incorrect and misleading." Pentagon officials told the accounting office that Mr. Perry had not advocated a particular system and that he was only discussing the most practical way to install the jamming device.

The accounting office included the passage and the Pentagon's rebuttal in its final report. "We put it in there because we thought it was serious," Joseph E. Kelley, director in charge of international affairs issues for the accounting office, said in an interview.

Switzerland and Finland, as well as South Korea, have asked the Pentagon to act as a middleman to sell them the jamming device, the Government's usual practice with foreign arms sales.

But in this case, the Defense Department is following a policy adopted by the Bush Administration in 1992 to bar Government-brokered sales of military equipment to foreign customers that the Pentagon did not buy for itself. Mr. Perry has said that
Washington would help install the
systems, for safety and security rea-
sons, but the foreign countries would
have to buy the jamming devices
directly from the manufacturers.

PERRY DENIES FAVORING A DEFENSE CONTRACTOR
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TEXT:
WASHINGTON, D.C. - Defense Secretary William Perry denied yesterday that he favored a particular contractor in talks with foreign representatives looking to buy a radar-jamming system from the United States.

In a terse statement issued by the Pentagon, Perry called the favoritism charge specious and contrary to the facts."

The charge was contained in a General Accounting Office report released by Sen. William Roth, R-Del.

Pentagon policy forbids U.S. officials from favoring one American-made system over another in a competitive situation when foreign military sales are at stake.

During my time as an employee of the Department of Defense, I have never advocated any American system over any other American system in discussions with foreign governments," Perry said.